

Sector**ENGINEERING****Chase Research**

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Symbol: **BCL**

Current Price: **PKR 56.00**

Market Cap (PKR mn): **642.46**

Total Shares (mn): **11.47**

Free Float (mn): **5.74**

52 Week High: **PKR 56.00**

52 Week Low: **PKR 28.05**

**Bolan Castings Limited (BCL)**

During FY23, net sales of the company clocked in at PKR 2.1bn, down by 21% YoY, compared to PKR2.7bn in SPLY. Similarly, the company reported loss after tax of PKR425mn (LPS: PKR2.16/sh), marking a significant decline of 2.6x YoY compared to PAT of PKR15mn (EPS: PKR1.34/sh) in SPLY. While, on a quarter basis, the company achieved the profit after tax of PKR12mn (EPS: PKR1.06/sh) during 1QFY24, against the loss of PKR22mn (LPS: PKR1.91sh) in SPLY.

Production and sales volume significantly decreased during the FY23. Whereas, casting production fell by 48.58% to 4,824 MT, and sales dropped by 41.9% to 5,586 MT.

Heavy monsoon rains caused devastating floods, damaging roads and bridges, halting transportation in Baluchistan. This led to economic challenges like low foreign reserves, high inflation, and disrupted supply chains.

The economic downturn, exacerbated by floods, resulted in a 46.11% decrease in farm tractor production, thus resulted into major impact on company's profitability.

Despite lower production and sales, the company ended almost at break even. Efficient production, use of local raw materials, and reduced fixed costs contributed to monthly break-even dropping from 700-800 M.T to 400-500 M.T.

A major achievement in the year was the company's shift to local substitutes, replacing 70-80% of imported raw materials. This move significantly benefited the company by addressing supply chain constraints.

According to the management, Millat Tractors and Al Ghazi Tractors account for the majority of total sales. Additionally, the recent substantial recovery in tractor demand has instilled confidence in the company that this resurgence will lead to an increase in casting sales.

PKR "mn	FY23	FY22	YoY	1QFY24	1QFY23	YoY
Revenue	2,165	2,750	-21%	652	474	38%
Cost of sales	1,958	2,535	-23%	575	449	28%
Gross profit	207	215	-4%	77	25	205%
<b>Gross margins</b>	<b>10%</b>	<b>8%</b>		<b>12%</b>	<b>%</b>	
Distribution expenses	52	56	-7%	14	13	10%
Administrative expenses	62	74	-16%	23	15	51%
Other expenses	2	4	-46%	2	-	NM
Other income	17	26	-36%	3	5	-34%
<b>Operating profit / (loss)</b>	<b>107</b>	<b>106</b>	0%	<b>42</b>	<b>3</b>	NM
Finance cost/(Income)	79	52	53%	22	19	17%
Profit before taxation	27	55	-50%	21	(16)	228%
Taxation/Reversal	52	39	33%	8	6	40%
<b>Effective tax rate</b>	<b>190%</b>	<b>72%</b>		<b>40%</b>	<b>NM</b>	
Profit after taxation (Loss)	(25)	15	-261%	12	(22)	156%
EPS	(2.16)	1.34	-261%	1.06	(1.91)	155%

## Important Disclosures

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